Headquarters U.S. Air Force

Integrity - Service - Excellence

AFMS Group

29 Sep 04

1300-1530

U.S. AIR FORCE

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AFMS Group Agenda

- **Approval of Minutes – Mr. Costa** **5 Min**
- **FY06-11 POM: Documenting Financial Results – Mr. Gooding** **60 Min**
- **Open Discussion** **15 Min**

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Minutes Approval

- 8 and 22 Sep 04 AFMS Group Minutes – Approved?
- Archives of AFMS Corporate Structure minutes can be found at:
  - O:\SG_Common\AFMS Corporate Structure

    - or –
  - https://kx.afms.mil/afmsengineroom

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FY06–11 POM: “Crawl, Walk, Run”

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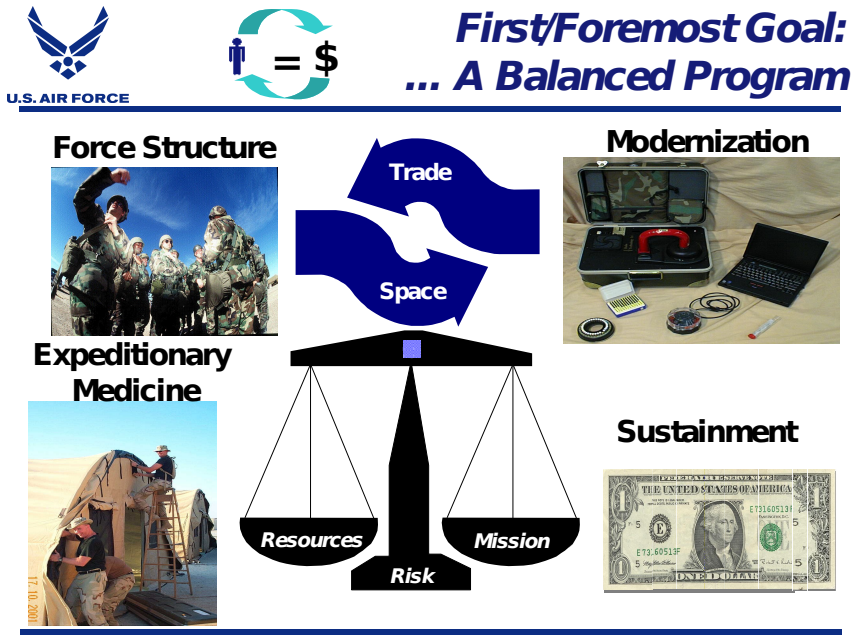
Documenting

Purpose

- **Purpose:**
  - **Finalizing AFMS FY06-11 POM**
  - **Type: Informational**
  - **FY06-11 POM**
    - **POM Review**
    - **POM Results**
- **Length of Briefing: 30**



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Overview

- Timeline
- Process
- Resource Assumptions
- Resolution of External and Internal Bills
- POM Input to TMA
- Financial Program
- The Way Ahead

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FY05 APOM

- FY05 APOM baseline = FY03 Initial Validation less one-times
- TOA provided to MAJCOMs & HQ – 9 May 03
  - MAJCOM submitted/corporate structure reviewed D-I-Os

    30 Jun 03
  - HQ account review – 15 Jul 03
- APOM submitted to HA – 11 Aug 03
  - Minor Budget Change Proposals accepted
- APOM results published – 15 Sep 03
  - MAJCOMs balanced within TOA
  - Began integrating portfolio concept
  - First cut of program to panel relationship
  - 80% solution – more work to accomplish

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FY06 POM Resource Assumptions

- Fiscal Guidance Based on FY05 President's Budget
- Inflation based on specific rates as dictated by OSD
- Baselines adjusted for fact-of-life program changes
- Manpower TOA unchanged across FYDP
- External bills generated from actions external to AFMS…T-Nex
- Accrual Fund Productivity will remain constant to FY03
- Long View approach guided POM Build
- Increase in Third Party Collections will help mitigate bills

AFMS 06-11 POM Build: Timeline

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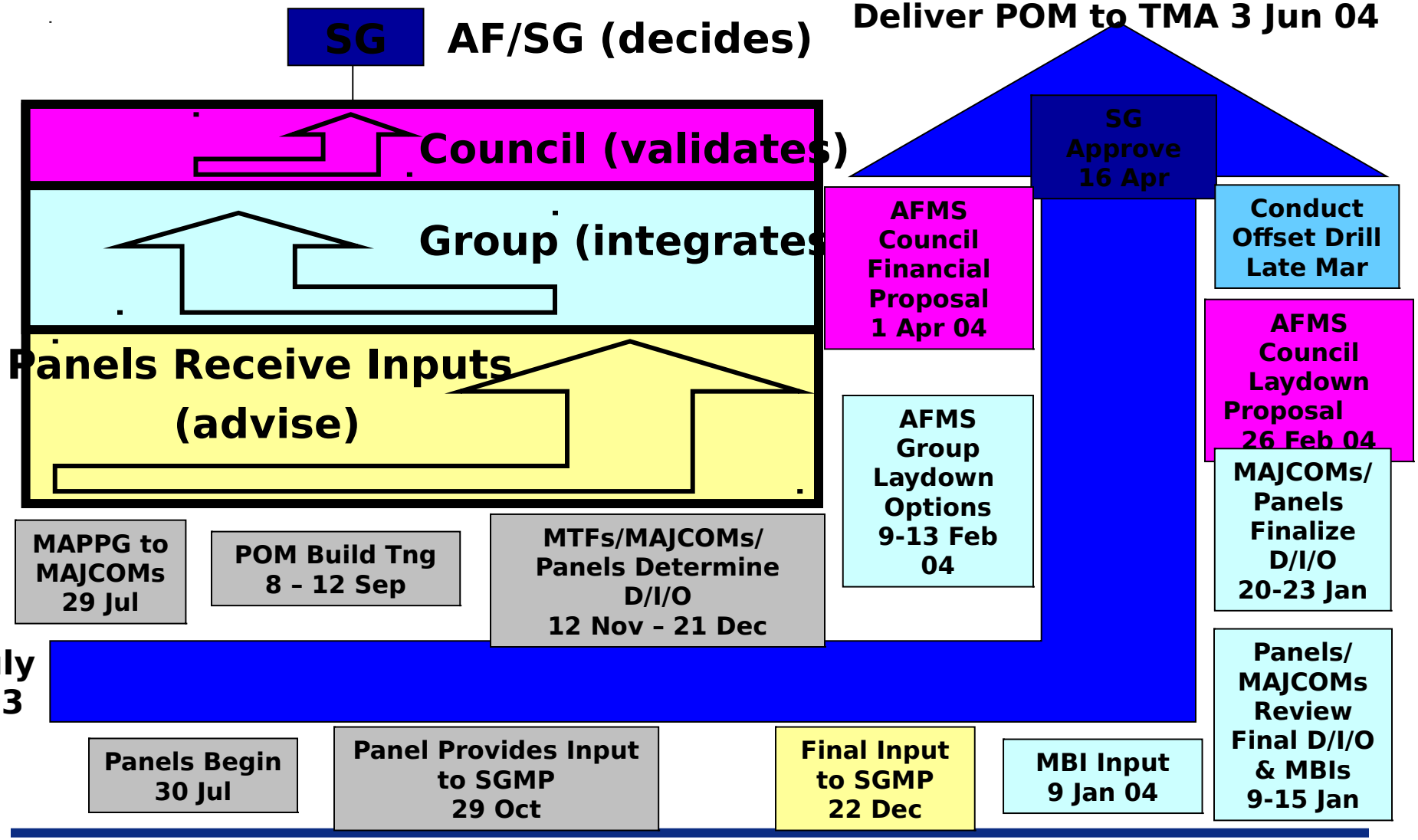
SG
AF/SG (decides)
Deliver POM to TMA 3 Jun 04
Council (validates)
Group (integrates)
Panels Receive Inputs (advise)
SG Approve 16 Apr
AFMS Council Financial Proposal 1 Apr 04
Conduct Offset Drill Late Mar
AFMS Council Laydown Proposal 26 Feb 04
AFMS Group Laydown Options 9-13 Feb 04
MAJCOMs/ Panels Finalize D/I/O 20-23 Jan
MAPPG to MAJCOMs 29 Jul
POM Build Tng 8 – 12 Sep
MTFs/MAJCOMs/ Panels Determine D/I/O 12 Nov – 21 Dec
July 03
Panels/ MAJCOMs Review Final D/I/O & MBIs 9-15 Jan
Panels Begin 30 Jul
Panel Provides Input to SGMP 29 Oct
Final Input to SGMP 22 Dec
MBI Input 9 Jan 04

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Internal Bills

(Figures are in $000's)

Rank	Issue	FY06	FY07	FY08	FY09	FY10	FY11
1	Dental Central Contract	2,540	2,720	2,920	3,037	3,158	3,285
2	HAWC Contractors	5,400	6,800	7,700	8,008	8,328	8,661
3	OB Contract Bill	16,300	23,700	24,650	25,630	26,650	27,710
4	HPSP (includes dental option)	11,246	15,731	20,044	24,751	30,989	37,866
5	MMSO (with DCO Implemented)	2,000	2,080	2,163	2,250	2,340	2,433
6	Modernization delta	42,400	39,218	35,906	32,459	28,869	25,133
7	Referral Mgmt Centers	4,520	4,701	4,889	5,084	5,288	5,499
8	HPLRP	12,435	19,010	23,890	25,619	23,121	16,656
9	Patient Movement Items	8,500	8,840	9,194	9,561	9,944	10,342
10	CDA - Scheduler	355	369	384	399	415	432

- **Prioritized by AFMS Group**
- **Bills constructed in blocks where possible**
  - **Identify risk if total program not funded**
- **Some programs (e.g. OB, MMSO) not blocked because would drive increased bills**

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External Bills

(Figures are in $000's)

	Issue	FY06	FY07	FY08	FY09	FY10	FY11
1	Appointing	12,800	13,312	13,844	14,398	14,974	15,573
2	Utilization Management	18,959	20,021	21,142	22,326	23,576	24,896
3	DODMERB	2,200	2,288	2,380	2,475	2,574	2,677
4	Buckley Pharmacy	6,200	6,448	6,706	6,974	7,253	7,543
*	C-9 Divestiture	22,280	23,171	24,098	25,062	26,064	27,107

*** Line funded issue; being worked through LAF FY06-11 POM**

- **Prioritized by AFMS Group**

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Tab P Submission Unfunded Requirements

		(figures are in 000's)					
AFMS Unfundeds	**FY06**	**FY07**	**FY08**	**FY09**	**FY10**	**FY11**	**FY06-11**
Appointing	$ 13,294	$ 14,078	$ 14,909	$ 15,744	$ 16,689	$ 17,690	$ 92,404
Utilization Mgmt	$ 26,559	$ 28,339	$ 30,037	$ 31,179	$ 33,050	$ 35,033	$ 184,196
DoD/MERB	$ 2,200	$ 2,266	$ 2,334	$ 2,404	$ 2,476	$ 2,550	$ 14,231
Referral Mgmt Centers for T-Nex	$ 4,520	$ 4,705	$ -	$ -	$ -	$ -	$ 9,225
OB Contract Bill	$ 16,300	$ 23,700	$ 24,293	$ 24,900	$ 25,222	$ 26,160	$ 140,574
MMSO (Total Risk)	$ 37,071	$ 39,433	$ 41,927	$ 45,669	$ 49,399	$ 53,405	$ 266,904
AMP	$ 11,934	$ 12,602	$ 13,308	$ 14,053	$ 14,840	$ 15,671	$ 82,409
Pharmacy	$ 18,523	$ 21,268	$ 27,243	$ 34,269	$ 38,382	$ 42,987	$ 182,672
MILCON	$ -	$ 52,755	$ 49,089	$ 65,084	$ 59,461	$ 59,830	$ 286,219
Procurement	$ 19,917	$ 20,546	$ 21,942	$ 32,876	$ 31,994	$ 31,098	$ 158,374
Total	**$ 150,318**	**$ 219,692**	**$ 225,082**	**$ 266,179**	**$ 271,512**	**$ 284,425**	**$ 1,417,208**

- **TMA input on Tab P due & submitted – 23 March 2004**
- **If some of these funded (e.g. OB, MMSO), will reduce offsets required from MAJCOMS**

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HQ SG Account

$274M in 05 APOM

APOM Adjustments

Program Transfers

$205M for 05 Budget Year

Adjustments: Tradespac
PBD, SRM & Bolling Clini

$149M for 06 POM

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Internal Bills and Tax Computation

Rank	Corporate Bills	FY06 Block I	FY06 Block II	FY06 Block III
1	Dental Central Contract	2,540	2,540	2,540
2	HAWC Contractors	5,400	5,400	5,400
3	OB Contract Bill	16,300	16,300	16,300
4	HPSP (dental option included)	4,182	8,146	11,246
5	MMSO	2,000	2,000	2,000
6	Modernization delta	21,000	25,920	42,400
7	Referral Mgmt Centers	4,520	5,400	8,660
8	HPLRP	7,602	9,972	12,435
9	Pt Movement Items	1,530	4,560	8,500
10	CDS-Scheduler	355	355	
	TOTA			

Offsets	FY06 Block I	FY06 Block II	FY06 Block III
Trade Space	(38406.00)	(38406.00)	(38406.00)
Previous HQ Scrub	(3416.00)	(3416.00)	(3416.00)
HQ TDY Tax	(334.00)	(334.00)	(334.00)
HQ Contract Tax	(4470.00)	(4470.00)	(4470.00)
HQ Fair Share Total	**-46626.00**	**-46626.00**	**-46626.00**

Remaining Bill	18,803	33,967	62,855
MAJCOM	FY06 Block I	FY06 Block II	FY06 Block III
11th Wing	(57.00)	(103.00)	(191.00)
ACC	(3047.00)	(5504.00)	(10185.00)
AETC	(5283.00)	(9543.00)	(17660.00)
AFA	(438.00)	(791.00)	(1463.00)
AFMC	(3252.00)	(5876.00)	(10872.00)
AFSOC	(210.00)	(380.00)	(703.00)
AMC	(3695.00)	(6674.00)	(12351.00)
PACAF	(983.00)	(1776.00)	(3287.00)
SPACE	(1044.00)	(1886.00)	(3491.00)
USAFE	(793.00)	(1433.00)	(2652.00)
MAJCOM Fair Share Totals	-18,802	-33,966	-62,855

- **Bills stratified into 3 blocks**
- **Tradespace & HQs Offsets reduces amount of MAJCOM Offsets**
- **Tax computed based upon MAJCOMs percent of total TOA**

MAJCOM	Fair Share (O&M)
11th Wing	0.30%
ACC	16.20%
AETC	28.10%
AFA	2.33%
AFMC	17.30%
AFSOC	1.12%
AMC	19.65%
PACAF	5.23%
SPACE	5.55%
USAFE	4.22%

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Offset Drill Recommendation

Rank	Corporate Bills	Amt	Cumulative
1	Dental Central Contract	2,540	2,540
2	HAWC Contractors	5,400	7,940
3	OB Contract Bill	16,300	24,240
4	HPSP (dental option included)	4,182	28,422
5	HPSP (Block II Increase)	3,964	32,386
6	Referral Mgmt Centers	4,520	36,906
7	MMSO	2,000	38,906
8	Modernization delta	21,000	59,906
9	Pt Movement Items	1,530	61,436
10	HPLRP	7,602	69,038
11	HPSP (Block III Increase)	3,100	72,138
12	Referral Mgmt Centers (Block II Increase)	880	73,018
13	Modernization (Block II Increase)	4,920	77,938
14	HPLRP (Block II Increase)	2,370	80,308
15	Referral Mgmt Centers (Block III Increase)	3,260	**83,568**

Rank	Offsets	Amt	Cumulative
15	Tradespace	-46,626	-46,626
14	Block I Offsets	-18,800	-65,426
13	TDY Block II	-255	-65,681
12	Contracts Block II	-5,751	-71,432
11	TDY Block III	-1,799	-73,231
10	IM/IT Block II	-1,824	-75,055
9	Supplies Block II	-1,402	-76,457
8	Equipment Block II	-2,233	-78,690
7	IM/IT Block III	-689	-79,379
6	Supplies Block III	-4,632	**-84,011**

Recommendations used to complete POM Options

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POM Submission to TMA

- PSC and Direct Care POM submitted to TMA/RM
  - TMA nonconcurs with booking MTF efficiency bill against PSC
  - No anticipated support for most unfundeds
  - Severe funding shortfall predicted in PSC
- AFMS Group re-prioritizes bills and offsets with MTF efficiencies and other unfundeds included
  - New cut line determined

Bills and Offsets Review

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Starting Rank	Revised Rank	Corporate Bills	$144,342	FY06 Increment	FY06 Cumulative
1	1	MTF Efficiencies	$110,784	33,558	33,558
2	2	Dental Central Contract	$108,244	2,540	36,098
3	3	HAWC Contractors	$102,844	5,400	41,498
4	4	OB Contract Bill	$ 86,544	16,300	57,798
5	5	HPSP (dental option included)	$ 82,362	4,182	61,980
6	6	HPSP (Block II Increase)	$ 78,398	3,964	65,944
11	7	Appointing Block I	$ 70,018	8,380	74,324
7	8	Referral Mgmt Centers Block I	$ 65,918	4,100	78,424
10	9	HPLRP	$ 58,316	7,602	86,026
12	10	Medical Management Block I	$ 46,901	11,415	97,441
9	11	Pt Movement Items	$ 45,371	1,530	98,971
14	12	DoD/MERB	$ 43,171	2,200	101,171
19	13	Modernization (Block II Increase)	$ 38,251	4,920	106,091
16	14	HPSP (Block III Increase)	$ 35,151	3,100	109,191
18	15	Referral Mgmt Centers (Block II Increase)	$ 30,591	4,560	113,751
8	16	Modernization Block I (EOS)	$ 9,591	21,000	134,751
20	17	HPLRP (Block II Increase)	$ 7,221	2,370	137,121
23	18	Pt Movemement Items (Block II Increase)	$ 4,191	3,030	140,151
22	19	Modernization (Block III Increase)	$(12,289)	16,480	156,631
24	20	HPLRP (Block III Increase)	$(14,752)	2,463	159,094
25	21	Pt Movement Items (Block III Increase)	$(18,692)	3,940	163,034
15	22	Medical Management Block II	$(23,754)	5,062	168,096
26	23	Medical Management Block III	$(26,236)	2,482	170,578
27	24	Pharmacy Block II	$(38,559)	12,323	182,901
28	25	OP	$(56,959)	18,400	201,301
17	26	Pharmacy (Buckley Only)	$(63,159)	6,200	207,501
13		Appointing Block II		0	207,501
21		Referral Mgmt Centers (Block III Increase)		0	207,501

Rank*	Offsets	Amt	Cumulative
15	Tradespace	-46626	-46,626
14	Block I	-18800	-65,426
13	TDY Total	-255	-65,681
12	Contracts Total	-5,751	-71,432
11	TDY Total	-1,799	-73,231
10	IM/IT Total	-1824	-75,055
9	Supplies Total	-1,402	-76,457
8	Equipment Total	-2,233	-78,690
7	IM/IT Total	-689	-79,379
6	Supplies Total	-4,632	-84,011
5	Contracts Total	-15,828	-99,839
4	Equipment Total	-1,614	-101,453
3	SRM Total	-3,714	-105,167
2	Pharmaceuticals Total	-328	-105,495
1	SRM Total	-3,986	-109,481
0	Additional Tradespace	-17,000	-126,481
0	FY06 Local Support	-11,394	-137,875
0	FY06 Mil To Civ Con	-6,467	-144,342

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POM Challenges Ahead

- Panel/MAJCOM/SGMP improve program relationships
- FY06 executable, FY07 and out - broken
- PSC requirements expected to exceed available $
  - PSC dollars NOT in MAJCOM baselines at this time
- Accrual
- Prospective Payment
- MRT contract update

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Bottom-line

- **New process – we're all learning**

"Crawl (FY05 APOM) – Walk (FY06 POM) – Run (FY08 POM)"

- **Good resource stewardship**
- **Balance within the finite TOA of the AFMS**

"I Think – You Think – We Agree"

Lessons learned to be discussed at 13 October AFMS Group

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Meeting Recap & Calendar

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- New Items
- Action Items
- Meeting Schedule:
  - AFMS Group: Wed., 13 Oct, 1300-1530 (4th flr conf rm)